

---

**MINUTES OF THE FIFTEENTH MEETING OF THE AUDIT AND RISK COMMITTEE OF THE GOVERNING BODY OF THE NORTH WEST REGIONAL COLLEGE HELD IN THE BOARDROOM, STRAND ROAD CAMPUS, ON MONDAY 22 NOVEMBER 2010 COMMENCING AT 5.30pm.**

---

**PRESENT:** Mr D McMahon (Chair)  
Prof Monds  
Ms E Cavanagh  
Mr L Gallagher  
Mr W McBride

**IN ATTENDANCE:** Mr S Murphy (Principal and Chief Executive)  
Mr P McKeown (Director of Finance and Estates)  
Mrs H Smyth (PwC, Internal Auditor, Manager)  
Mr R Monds (DEL Observer)  
Mr B O'Neill (NIAO, External Auditor)  
Ms R Peters-Gallagher (Moore Stephens)  
Mr D McClelland (Secretary)

---

The Chair welcomed everyone to the meeting. In accordance with procedure he enquired if there was any matter to be raised prior to the Principal and Director joining the meeting. No matter was raised.

[At this point the Principal and Director joined the meeting.]

**15.1 APOLOGIES**

An apology was received from Mr A Smyth.

**15.2 DECLARATION OF INTERESTS**

No member or attendee declared a conflict of interest in the business of the meeting.

**15.3 MINUTES OF MEETING HELD ON 16 SEPTEMBER 2010**

It was proposed by Mr Gallagher seconded by Ms Cavanagh and agreed that the minutes were an accurate record of the meeting.

*Action: Secretary to arrange for the publication of approved minutes asap*

**15.4 MATTERS ARISING**

**14.12 Draft annual accounts 09/10.** A member suggested that it would be helpful (for future reference) to clarify the purpose and proposed outcome of the Committee considering draft annual accounts in September before they are sent to DEL and the External Auditor.

*Action: Director to consider purpose and proposed outcome of Committee reviewing draft accounts at its September meeting.*

**15.5 CHAIRMAN'S BUSINESS**

There was no business transacted under this heading.

**15.6 CORPORATE RISK MANAGEMENT REPORT (Ref: paper AC15.6)**

The Director referred members to the changes in the Register since the last report in March 2010. There are now no items whose score places them in the high risk category. He mentioned the risk (no.5) relating to the difficulties occurring with warranties for the Strand Road new build and the additional rental for other premises which might be required. He also drew members' attention to the Health & Safety Audit Report (September 2010) which showed 87% compliance. The Chair thanked the Director for an excellent report. He then asked for information on matters which had been raised at the recent meeting with the staff associations. In relation to the risk of the College not meeting its PSA targets, the Principal said that this was a subset of the first risk on the Register – "Failure to match college policy with DEL funding requirements". To include the risk of possible future claw-backs by DEL, it was agreed to add the words "and on DEL decisions" to the first risk. Arising from questions put by members, it was agreed to review the use of the word "surplus" in risk no.10. The Chair commented that the largest risk to the College was business continuity. The Principal considered that this matter was addressed by risks no.1, 2 & 9. A member asked about the failure of corporate governance as a risk. A number of varying suggestions were expressed as to how this risk might be addressed. In concluding the discussion the Chair said that the matter would need to be re-visited.

*Action: Director to amend Register wording for next report.*

**15.7 ANNUAL REPORT AND FINANCIAL STATEMENTS 2009/10 (Ref: paper FC16.6)**

The Director mentioned that this item had also been on the agenda of the Finance & General Purposes Committee. He pointed out the shortfall in the provision of information on teachers' pensions (p.9) He indicated some minor adjustments to figures and the narrative. The External Auditor advised that, due to uncertainty on the accounting procedures to be used for dealing with the FRS 17 pension credit, the Audit Certificates for all 6 colleges may be affected. He also indicated that a note on the recent reclassification of colleges to non-departmental public bodies would be required. It was then proposed by Mr McBride seconded by Mr Gallagher and agreed to recommend to the Governing Body the adoption of the Annual Report and Financial Statements for 2009/10.

**15.8 EXTERNAL AUDITOR'S DRAFT REPORT 2009/10 (Ref: paper AC15.8)**

Ms Peters-Gallagher, acting for the External Auditor, directed members' attention to the executive summary and to the key risks outlined in the report. She referred to the recommendations made to management and to their responses. She indicated that minor adjustments to the report may still be required. The Chair thanked Ms Peter-Gallagher for the comprehensive report. He enquired generally about College performance. The External Auditor replied that he considered the College to be well managed. Ms Peters-Gallagher thanked the management team for their co-operation in carrying out the audit. Members noted the report.

**15.9 AUDIT & RISK COMMITTEE'S REPORT 2009/10 TO THE GOVERNING BODY (Ref: paper AC15.9)**

The Chair reminded members that they had a responsibility to furnish the Governing Body with an annual report on the Committee's work. He drew members' attention to the draft. It was proposed by Prof Monds seconded by Mr McBride and agreed to recommend the report to the Governing Body.

**15.10 INTERNAL AUDIT: STATUS REPORT (Ref: paper AC15.10)**

The Internal Auditor referred members to the report which indicated that 2 reviews of the 2010/11 plan had now been completed. Both reviews had been awarded a 'substantial' assurance rating. It was agreed that, with external audit having recently reviewed procurement, it would be prudent to re-schedule the internal audit review on procurement to later in the year. The Chair commented on the high number of 'substantial' ratings awarded to the College following internal reviews and the assurance this gave the Governing Body.

*Action: IA to liaise with SMT to re-schedule planned reviews for next Committee meeting.*

**15.11 IA: PRESENTATION OF FINDINGS**

**1. Cash handling Arrangements and Income Receipt (Ref: paper AC15.11.1)**

The Internal Auditor referred members to the report on the review which had been given a 'substantial' assurance rating with one priority '3' recommendation.

**2. Compliance with Health and Safety Requirements, Disability Legislation and Equality Legislation**

The Internal Auditor referred members to the report on the review which had been given a 'substantial' assurance rating with one priority '3' recommendation.

**15.12 ANY OTHER BUSINESS**

In concluding the business of the meeting, the Chair enquired if there was any matter which the DEL representative would wish to raise with the Committee. In reply he said that there were no matters on this occasion.

**Date of next meeting:** It was agreed to meet on Monday 31 January 2011 at 5.30pm in Strand Road Campus.

There being no other business the Chair closed the meeting at 7.00pm.

Signed: \_\_\_\_\_ (Chair)

Date: \_\_\_\_\_